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MARCH 8, 1965

SELLING WHEAT TO THE EEC

FOREIGN AGRICULTURAL TRADE IS BIG BUSINESS FOR U.S.

THE FOREIGN MARKET FOR LIVESTOCK PRODUCTS

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Including FOREIGN CROPS AND MARKETS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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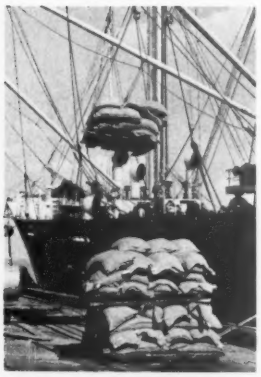

U.S. soybean meal is loaded aboard ship for export to Western Europe. Article on page 4 tells why foreign trade in farm products is important in the American economic picture.

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The price of U.S. wheat more than doubles between farm and EEC mill—mainly because of EEC's import levies. The high internal EEC prices that have resulted in these levies are of major concern to the U.S. in maintaining its trade with the ECC. Below are the price stages in the journey of some Nebraska Wheat to a Dutch mill.

Selling Wheat to the EEC—a Problem of Price

1. In December 1964, the elevator at Kimball, Nebraska, paid farmers an average of $1.35 per bushel for 12-percent protein No. 1. Hard Winter wheat. (In addition, before selling his wheat, a farmer cooperating with the 1964 wheat program would have received a total of about 43 cents per bushel under a processor's domestic marketing certificate and an export marketing certificate.) Prices at other Nebraska elevators were in the same range. To this the elevator added about 5 cents for handling, making the price of the wheat $1.40 as its journey began.

2. Rail freight to the Gulf port of Galveston, Texas, cost 34 cents per bushel (including one stop for handling at a terminal); the price was now $1.74.

3. At the Gulf 25 cents per bushel was added for the export certificate, to be paid by the exporter. (The money thus obtained is what covers the cost of the certificates to the farmers.) Total price was now $1.99.

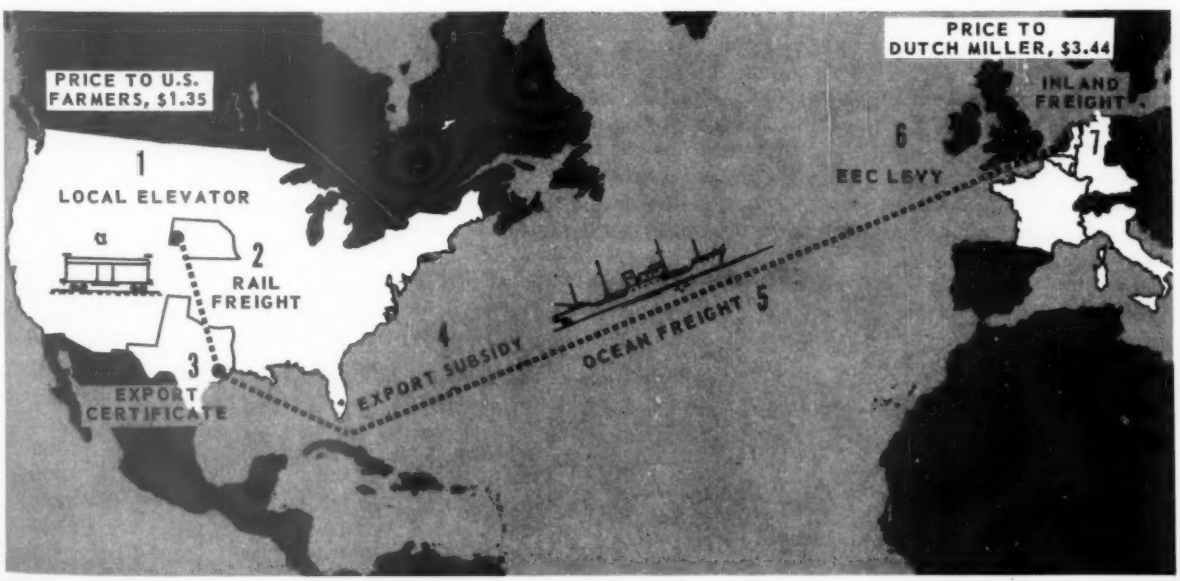
4. At this point, the U.S. exporter received an export subsidy. These payments, calculated daily, are designed to bring the U.S. wheat price into line with the world market price. The average December subsidy, 24 cents, would bring our shipment's price down to $1.75 per bushel.

5. In mid-December, ocean freight to Rotterdam on a foreign vessel amounted to 15 cents per bushel. This cost, paid by the purchaser, brought the total to $1.90.

6. Like all U.S. wheat going to the European Economic Community, this shipment had to climb a tariff wall, raised by the EEC countries to protect their own wheat producers and exporters. In December, the variable import levy applied on wheat from "third countries" by the Netherlands averaged $1.38. This made the price of our shipment $3.28 at Rotterdam, the Dutch ocean port where it was landed. (For a shipment going to West Germany, which has the EEC's highest levies, the levy would have been $1.75.)

7. Final addition was the inland freight charge from Rotterdam to the mill of the Dutch purchaser. This was 16 cents per bushel, making the total cost from Nebraska to the Netherlands $3.44—more than double what the U.S. farmer received.

—Based on *Report to Nebraska Wheat Growers*, fourth quarter, 1964, prepared by the Nebraska Wheat Commission



Foreign Agricultural Trade Is Big Business for U.S.

The following article on our farm exports, and a second article that will appear next week on the agricultural products we import, were both taken from the newly revised USDA publication Fact Book of U.S. Agriculture, *which may be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 —price 75 cents.*

Agricultural exports and imports are a booming business in the United States, affecting the entire nation's economy. To the business world that services this trade and makes it flow, it means profits and jobs. To the farmer who produces for export, it means more buyers for his products. To the consumer, it means the coffee and tea he drinks, some of the rubber for his tires, and many other things which he takes for granted—such as chocolate and bananas.

The United States is the world's largest exporter of farm products. In fiscal year 1964 agricultural shipments abroad reached an all-time record of $6.1 billion, 20 percent more than the year before.

Our farmers last year supplied one-fifth of the agricultural commodities entering international trade. This required financing, storage, and both inland and ocean transportation for 55 million long tons of cargo, enough to fill 1.5 million freight cars or 5,500 cargo ships, an average of 15 shiploads each day.

Foreign outlets important

This $6.1-billion worth of farm exports represented the output of 80 million acres of U.S. cropland, or 1 out of every 4 harvested acres. These exports provided an outlet for three-fourths of our wheat production; two-thirds of the rice; three-fifths of the nonfat dry milk; half of the dry edible peas; two-fifths of the tallow, soybeans, and hops; a third of the cotton, rye, and prunes; a fourth of the lard, dried whole milk, and tobacco; a fifth of the raisins, dry edible beans, and cottonseed; and one-sixth of the grain sorghums and barley.

All parts of the country have a stake in the foreign markets for U.S. farm products. The West North Central Region—Kansas, Iowa, Minnesota, Nebraska, North Dakota, Missouri, and South Dakota—was credited with $1.6 billion of the country's agricultural exports in fiscal 1964, or 26 percent of the total.

The East North Central Region—Illinois, Indiana, Ohio, Michigan, and Wisconsin—accounted for $1.2 billion, or 19 percent of total farm exports.

The West South Central Region—Texas, Arkansas, Oklahoma, and Louisiana—shipped an estimated $924 million worth, or 15 percent.

The other regions in order of share of farm exports were: South Atlantic, 12 percent of agricultural exports; Pacific, 10 percent; East South Central, 6 percent; Mountain, 6 percent; Middle Atlantic, 3 percent; and New England, less than 1 percent.

The top States and their respective share of the export market were: Illinois, $504 million; Texas, $485 million; California, $421 million; Kansas, $337 million; Iowa, $331 million; and North Carolina, $321 million.

Dollar sales increasing

Of the $6.1 billion of U.S. farm exports in fiscal 1964, a record $4.5 billion were commercial sales for dollars, and $1.8 million moved under P.L. 480 and AID programs (foreign currency sales, donations, barter, and long-term supply and dollar credit sales.) Nearly all of the 1964 export gain resulted from larger dollar sales. In the last 3 years, 97 percent of the raise was in dollar transactions, and 3 percent in P.L. 480 and AID programs.

Moreover, so that products such as wheat, wheat flour, cotton, rice, nonfat dry milk, butter, butteroil, flaxseed, lineseed oil, and some tobacco could compete in world markets, the Commodity Credit Corporation (CCC) made payments to exporters and sold stocks at less than domestic prices. An estimated $2.3 billion benefited from such assistance: $1.4 billion as commercial sales for dollars and $0.9 billion under government-financed export programs.

U.S. FARM EXPORTS, BY DESTINATION, FY 1964

Country	Rank	Value
		Mil. dol.
Japan	1	742.1
Canada[1]	2	618.3
United Kingdom	3	448.3
The Netherlands	4	413.2
West Germany	5	410.1
India	6	400.0
Italy	7	216.7
UAR (Egypt)	8	161.4
Belgium-Luxembourg	9	150.5
France	10	142.3
Other		2,371.8
Total		6,075.6

[1] Not adjusted for exports to Canada for storage, pending transshipment to foreign ports.

U.S. AGRICULTURAL EXPORTS: DOLLAR SALES AND U.S. GOVERNMENT PROGRAMS, 1951-64

Year ended June 30	Total exports	Commercial sales for dollars	Under U.S. Government programs
	Mil. dol.	*Mil. dol.*	*Mil. dol.*
1951	3,411	2,215	1,196
1952	4,053	3,430	623
1953	2,819	2,369	450
1954	2,936	2,331	605
1955	3,144	2,278	866
1956	3,496	2,129	1,367
1957	4,728	2,771	1,957
1958	4,003	2,752	1,251
1959	3,719	2,465	1,254
1960	4,517	3,207	1,310
1961	4,846	3,374	1,572
1962	5,142	3,482	1,660
1963	5,078	3,536	1,542
1964	6,074	4,512	1,562

U.S. AGRICULTURAL PRODUCTS EXPORTED IN FISCAL 1964 (except where otherwise noted)

WHEAT	New record for grain and grain equivalent of flour; 850 million bushels valued at $1,519 million; 57 percent moved under P.L. 480 and AID programs. Exports were 75 percent of 1963 wheat production and over two-fifths of world grain trade.
FEED GRAINS	New record for combined volumes of corn, barley, oats, and grain sorghums: 16.1 million metric tons, including major products, valued at $850 million; 10 percent moved under P.L. 480 and AID programs. Exports were 23 percent of 1963 feed grain sales by farmers and about half of world feed grain trade. U.S. corn exports were the largest on record; and grain sorghums, second largest.
COTTON	5.1 million bales of cotton valued at $670 million; 21 percent moved under P.L. 480 and AID programs. Exports were 32 percent of U.S. 1963 cotton production and about 30 percent of world cotton trade.
SOYBEANS	Record of 188 million bushels valued at $516 million; less than 1 percent moved under P.L. 480 and AID programs. Although included under the price support program, soybeans moved abroad without export payment, because world prices have been above domestic prices. Exports were 27 percent (41 percent including bean equivalent of oil) of the U.S. 1963 crop and around 90 percent of world soybean trade (calendar 1963).
TOBACCO	532 million pounds of tobacco valued at $421 million; 10 percent moved under P.L. 480 and AID programs. Exports were 30 percent of Free World tobacco trade (1963).
FRUITS	$274 million of fruits; less than 1 percent moved under government programs. Export value was about one-fifth of U.S. 1963 commercial sales (included $123 million fresh, $67 million canned, $43 million dried, and $36 million juices).
RICE	Record of 32 million bags valued at $217 million, 47 percent moved under P.L. 480 and AID programs. Exports were 64 percent of 1963 rice production and one-sixth of world rice trade (1963).
DAIRY PRODUCTS	$203 million of dairy products; three-fourths moved under government programs. Exports were about 1 percent of U.S. milk output (1963) and they included 1, 315 million pounds of nonfat dry milk, 131 million pounds of cheese, 144 million pounds of butter, 64 million pounds of condensed sweetened milk, and 45 million pounds of evaporated unsweetened milk.
POULTRY	$78 million of poultry and poultry products; less than 4 percent moved under government programs. Exports included 231 million pounds poultry meat, 8 million dozen hatching eggs, 27 million day-old chicks, and 4.4 million pounds egg solids.
LARD	668 million pounds of lard valued at $63 million; 2 percent value moved under government-financed programs. Exports were 28 percent of U.S. lard production and two-thirds of world lard trade (1963).
VARIETY MEATS	Record of 187 million pounds valued at $38 million. Exports were 9 percent of U.S. 1963 output, mainly beef and pork livers and beef tongue.
RED MEAT	Exports are increasing. For example, beef and veal exports rose from 26 million pounds in January-October 1963 to 42 million pounds during the same period in 1964. Total red meat exports rose 21 percent in the same period, to 165 million pounds.
VEGETABLES	$164 million of vegetables; less than 1 percent moved under government-financed programs. Exports were about 8 percent of U.S. commercial sales. They included $49 million fresh vegetables, $50 million dry peas and beans, and $33 million canned vegetables.
SOYBEAN AND COTTONSEED OIL	1,504 million pounds of soybean and cottonseed oil (68 percent soybean oil and 32 percent cottonseed oil) valued at $159 million; 49 percent moved under P.L. 480 and AID programs. Exports were one-fifth of 1963 oil production; 90 percent of world exports of these products (1963).
TALLOW, GREASES	Record of 2.2 billion pounds valued at $151 million; 16 percent moved under government programs. Exports were two-fifths of U.S. production and two-thirds of world trade (1963).
HIDES AND SKINS	Record of 15.4 million pieces valued at $82 million. Exports were two-fifths of U.S. 1963 output.

Britain Is Largest Agricultural Importer, Followed by the U.S.

The United Kingdom and the United States in 1963 (latest year for which complete figures are available) were the world's first and second largest importers of agricultural commodities, buying a combined total of over $10 billion worth of food and fiber. West Germany was in third place, while France and Japan rounded out the top five.

Items most consistently on these nations' lists of major imports were fruits and vegetables, sugar, wool, cotton, and meats (fresh, chilled or frozen). Oilseeds, feedstuffs and feed grains, wheat, and tobacco were also big imports.

As in past years, the United States was highly dependent on trade with the other top importers. Japan was the largest market for U.S. farm commodities, buying from this country close to a third of its total imports. The United Kingdom was second most important market; West Germany, fifth; and France, thirteenth.

The top four

Biggest importer, the United Kingdom, took about $5.9 billion worth of agricultural commodities in 1963, or around $400 million more than in the previous year. That country, because of its lack of farm area, must rely on other nations for close to half its food supply, and its import policies reflect this need—permitting imports from most any country able to compete in the market. However, the United Kingdom does favor, through Commonwealth preferences, imports of a wide variety of products from Commonwealth countries. In addition, Britain uses a quota system for butter, and just last year, after heavy domestic supplies coincided with large imports, it established minimum import prices for grains.

Major British purchases in 1963 included sugar, wool, meat, butter, tea, wheat, feed grains, fruits and vegetables, and tobacco. The United Kingdom is world's largest buyer of the latter and despite the Commonwealth preferences favoring Rhodesia, took the biggest quantity from the United States. The United States also shipped much of the grains and cotton—another large British import—but the Commonwealth area is by far the largest supplier, normally accounting for about half the British farm imports.

The United States—second largest importer—purchased over $4.4 billion worth of farm commodities during 1963. (This includes alcoholic beverages and other items not considered agricultural in the United States.) As in the past most of the U.S. farm imports came from Latin America; however, that area's share has been declining and in 1963 was down to 43 percent from 52 percent in 1958. Largest single supplier to the United States is Brazil, with $493 million worth in 1963, followed by the Philippines, with $277 million, and Australia with $256 million. Top imports were coffee, sugar, meats, wool, and rubber.

Agricultural imports by West Germany were off slightly in 1963, to $3.9 billion from $4.1 billion, making that country the only one in the top five showing a decline from the previous year. This country bought mainly fruits and vegetables, meat, coffee, oilseeds, wheat, feed grains, feeding stuffs, cotton, tobacco, and rubber.

The United States accounted for about 12.8 percent of Germany's agricultural market in 1963, slightly below the 1962 level, and EEC countries, for about one-fourth.

In fourth place was France, with $2.7 billion worth against $2.4 billion in 1962. France is the most important agricultural country in Western Europe as well as one of the biggest importers, and its purchases reflect this, being largely nonfood and tropical products. Chief farm imports in 1963 were fruits and nuts, mostly from Algeria and Morocco. Others were wool, cotton, and oilseeds—mainly from Australia, the United States, and Senegal—and coffee, wine, meats, hides and skins, and rubber.

Biggest U.S. market

The U.S. share of the French market has always been comparatively low; in 1963 it was about 6.2 percent against 6.5 percent in the previous year. The EEC countries accounted for only about 10 percent.

Japan—fifth on the list but the leading U.S. market—bought $2.5 billion worth of agricultural commodities in 1963 compared with $1.9 billion worth in 1962. Although about a third of all Japanese live on farms, that country's agriculture accounts for only around 10 percent of the GNP, being greatly overshadowed by the rapidly growing industrial sector. Like most of the other top importers, Japan is nearly self-sufficient in food production but it still must import wheat, corn, sugar, and soybeans.

Major imports by Japan in 1963 were cotton from the United States and Mexico; wool from Australia; oilseeds (mainly soybeans), wheat (unmilled), and feed grains from the United States; and sugar. The U.S. share of the market stood at around 30 percent—the same as in 1962.

Beef Shortage Helps Cut U.K. Support Costs

The shortage of beef in the United Kingdom this past year was no doubt an aggravation to British homemakers, but it was a big help in easing the financial burdens of their government. According to a February report by the Minister of Agriculture, the shortage was largely responsible for a $140-million-or-more saving on agricultural support in the 1964-65 financial year (April-March).

The *Annual Review* White Paper last March estimated that agricultural supports in 1964-65 would run around the equivalent of $896.3 million, whereas the actual cost is expected to be only about $755.2 million, or about $67.8 million less than in 1963-64. All of the reduction is in the implementation of price guarantees, particularly on fatstock (livestock for slaughter). The total saving of price guarantees is estimated at $149.8 million.

The widespread European beef shortage last year not only raised prices on the British market for home-killed animals, but it also induced continental buyers to bid for British fatstock This strong demand pushed the market prices up, and thereby decreased the instances in which the support prices were implemented. As a result, the cost of fat cattle guarantees in 1964-65 is set at only about $35.6 million compared with an anticipated cost of around $120.4 million and a 1963-64 one of $114.2 million.

Supports on sheep and pigs are likewise down, about $46.5 million and $18.8 million respectively. The decline in the support on pigs, however, was due more to the flexible guarantee system, under which the guaranteed price falls as pig numbers rise, than to the meat shortage.

The Foreign Market for U.S. LIVESTOCK PRODUCTS

World demand for livestock products rose sharply in 1964 and will probably continue to expand in 1965.

Total U.S. livestock and meat product exports last year are estimated to have reached $450 million, up 25 percent from the previous year and the largest for any year since 1950. New records were set for exports of animal fats, hides and skins, and variety meats. Shipments of beef were double those of 1963, and a flourishing trade in live animals developed.

Trade in animal byproducts has always dominated U.S. exports of livestock products, and in 1964 animal fats, hides, variety meats, and casings accounted for more than 80 percent of the value of livestock product exports. The prospects for increased exports in 1965 appear bright for all of these items except casings.

Exports of primary livestock products, such as carcass meat products, mohair, and live animals, have varied considerably in volume from year to year.

Animal fat trade soars

Exports of animal fats in 1964 totaled over 3 billion pounds and were valued at about $250 million—more than half that of all livestock product exports. In 1965 these exports are expected to continue at roughly the same level.

Domestic supplies of animal fats will rise again in the current year, with an increase in tallow and grease output offsetting an expected drop in lard production associated with declining hog slaughter in 1965. Foreign demand for available world supplies of both tallow and competing fats and oils is expected to keep animal fats and oils prices high throughout most of 1965. Some boost in demand is expected from Public Law 480 programs that will extend U.S. sales to new markets.

During 1964, U.S. tallow and grease exports to all countries totaled about 2.5 billion pounds compared with 1.4 billion in 1956-60. Again the largest buyers were the European Economic Community and Japan, taking 1.2 billion pounds in 1964 against 900 million in 1956-60; however, their share of the exports was down from the earlier period—45 percent as against 60 percent. This drop in market share was picked up by Asian countries (excluding Japan), Africa, the USSR, and Eastern Europe.

In 1965 tallow and grease exports to Japan and the EEC countries will probably exceed 1.2 billion pounds, and further increases are expected in the less developed areas as oil shortages and rising living standards boost the demand for tallow.

The United Kingdom continues to account for close to 80 percent of total U.S. lard exports. Shipments of this product in 1964 to all countries were valued at around $70 million, compared with $48.5 million in 1963.

Hides, skins, and variety meats hit record

Hides and skins—the second most valuable group of livestock products entering export trade—had their best export year on record in 1964, bringing in an estimated $92 million. Most important item in this group is cattle hides, exports of which exceeded 11.5 million pieces in 1964, with a value of nearly $70 million.

The increase in exports has come about largely because of the shortage of supplies available for export in Argentina and reduced domestic supplies in most European countries, which necessitated large imports. With continued prosperity in Europe in 1965 and another year of subnormal slaughter expected in Argentina, U.S. hide exports will probably remain high over the next 12 months.

U.S. exports of variety meats set a new record in 1964 of about $38 million and may rise even further this year.

Exports to all countries, which rose from 2 million pounds in 1950 to 159 million in 1963, exceeded 200 million in 1964. The United States is the largest producer, consumer, and exporter in the world, shipping out about 10 percent of its domestic production. Almost 90 percent of its exports are destined for West Germany, the United Kingdom, France, and the Netherlands. Smaller importers are Canada, Mexico, Sweden, Hong Kong, and Belgium.

U.S. exports of variety meats have continued large to Western Europe, where meat prices are still relatively high. U.S. pork and beef variety meats move rather freely into most of the EEC countries at a fixed 20-percent ad valorem import duty, since neither type is subject to additional variable levies under the Community's Common Agricultural Policy.

Most exports from the United States are used in the processing industry for the manufacture of sausage and liver paste; they generally do not compete directly with fresh domestic production or imports of chilled products from Denmark for use without processing. U.S. prices are competitive with frozen production from the other world exporters—Australia, New Zealand, and Argentina.

Outlook for beef and pork

During late 1963 and early 1964, prices of meats were high enough in Western Europe to allow relatively large shipments of meat products from the United States. However, in the second half of 1964 beef prices in the United States rose substantially, with the result that commercial shipments were greatly restricted. Also, pork prices in Europe declined substantially in the second half of 1964, while U.S. prices remained quite firm, thus widening the price differentials and discouraging U.S. pork exports.

Total 1964 exports of pork were about equal to 1963's, but the monthly shipments near the end of the year were well below those of the previous year. The upturn in supplies in Europe and Canada indicates a reduction in U.S. exports of pork in 1965, at least until the end of the third quarter. U.S. exports of pork to Canada, which in the last few years have been relatively large, are likely to decline in 1965, as Canadian pork production is expected to rise and U.S. production to decline.

Barring unforeseen changes in supply conditions and

Prepared in the Livestock and Meat Products Division of the Foreign Agricultural Service.

thus sharply increased prices in competing countries, our best opportunities to market beef abroad are for fed beef. The development of this market in foreign countries, however, requires a change in consumer habits and tastes—a matter of education which will take time to accomplish.

Cattle shipments to rise

The outlook is favorable for continued exports of U.S. feeder cattle and baby calves to Italy, and markets may develop in some other West European countries.

During the last half of 1964, the United States shipped 5,000 head of cattle to Italy by boat and about 8,000 baby calves by air transport. Initial shipments of feeder cattle from the United States started slowly because of lack of familiarity of Italian buyers with selling practices in the United States, the reluctance of U.S. sellers to commit themselves over a long period of time, and the shortage of vessels suitable for carrying cattle.

We can expect this business to grow as the respective trading partners gain experience in dealing with each other, as the availability of ships increases, and if the Italian duty on feeder cattle continues to be waived. Baby calf shipments are expected to increase after procedures have been worked out to assure that strong calves of about 14 days of age are shipped and better arrangements are made for proper feeding, handling, and distribution of the calves. With increased exports, freight rates will likely decline.

Last year the United States exported about 30,000 head of grain-fed cattle to Canada. This was a rather unusual movement, occurring during the summer when U.S. cattle prices were quite low relative to Canadian prices.

U.S. exports of high-quality breeding cattle are expected to continue fairly large. Sales have been particularly good in Central America and Mexico.

Mohair, sausage casing exports down

Mohair exports in 1964 dropped sharply from the relatively high level of recent years, when more than 50 percent of U.S. production moved into export. Shipments during those years were almost exclusively to the United Kingdom, Japan, and the other major wool-consuming countries in Western Europe. In 1964 more of the domestic clip was consumed in the United States, and foreign buyers met their needs in South Africa and Turkey.

U.S. exports of sausage casings dropped sharply in 1964 from the high level of 1963, with most of the reduction occurring in hog casings. The decline was apparently caused by increased production in Europe, increased use of artificial casings in Europe, and the movement of more Chinese casings into the area. U.S. exports of all classes of casings were valued at only about $9 million in 1964, against $12 million in 1963 and $14 million in 1962.

New Zealand's Wheat Output Declines

The wheat harvest now in progress in New Zealand may total only about 8 million bushels, around 10 percent below last year's. The harvested area is down about 10 percent, and reports indicate that yields will be somewhat below the record levels reached last year.

Moreover, for the 1965-66 crop, to be planted in May and June, there is expected to be little or no increase, and more likely a further decline in planted area. Although the Wheat Committee's purchase price for millable wheat has been raised for 1965-66, it is believed that prospective returns from alternative crops have increased even more. Farmers may therefore not be encouraged to expand wheat production.

Estimates at the harvest's half-way mark indicated the expected decline in 1964-65 output:

	Area	Yield	Production
	1,000 acres	*Bu. per acre*	*1,000 bu.*
1961-62	186	42.1	7.835
1962-63	[1]226	40.5	9,156
1963-64	203	49.0	9,947
1964-65	[2]181	44.0	[3]8,000

[1] Revised. [2] Official estimate. [3] Attaché estimate.

Early in the season the baking quality of this year's wheat was reported to be the best in New Zealand's history. (Baking scores for samples tested by the Wheat Research Institute have been ranging from 35 to 37, equal to those normally obtained on Australian Fair-to-Average Quality.) As harvesting moves southward, however, there are increasing reports of sprout damage, which the Wheat Committee and affected mills are expected to assess soon.

Stocks of wheat at mills in local producing areas, and of flour in the milling and consuming industries, were all reported quite high at year's beginning. This is generally expected to allow the Wheat Committee to avoid increasing 1965 imports of wheat to the full extent of the production decline. For last year, wheat imports were estimated at 6.5 million bushels compared with 6.9 million the year before. During 1965, it seems quite likely that imports will increase somewhat, perhaps exceeding 7 million bushels.

All wheat imports continue to come from Australia. Since last October, when the Wheat Committee entertained and rejected a series of bids on U.S. wheat, no further request for bids has been made. Officials, however, have expressed an interest in having U.S. exporting firms submit offers when price relationships appear likely to make U.S. wheat more competitive with that now purchased from other sources.

Brazil Approves New Sugarmills

The Commission for Competitive Bidding for the Installation of New Sugar Mills—established in April 1964 as a branch of the Federal Alcohol and Sugar Institute of Brazil (IAA)—recently approved the installation of 31 new sugarmills. These mills are to be government-financed and will be set up in southern and central Brazil.

The selected projects, which require final approval by the Executive Commission of the IAA, include 10 mills for the State of Paraná, 9 for São Paulo, 6 for Minas Gerais, and 1 each for the States of Pará, Espírito Santo, Mato Grosso and the territory of Amapá. Brazil now produces almost 4 million short tons (raw value) of sugar a year and exports 600,000 tons. Because of the administration's plan to substitute sugar for coffee on unproductive plantations some 50 additional mills may be called for.

The IAA will probably issue another call for proposals for new mills, since the administration's program to substitute sugar for coffee on unproductive plantations calls for 50 new mills.

Research for Dutch Cotton Promotion To Benefit All European Cotton Programs, CCI Official Says

"There is no question but that the research done for the pilot cotton promotion just launched in the Netherlands will have broad applications in any country in Western Europe," said Dr. Hans Koedam, Cotton Council International's economic and market research director.

In Washington for talks with USDA officials, Dr. Koedam—who works out of CCI's office in Brussels—reviewed the research that produced the guidelines for the 3-year program that began in early January with a promotion campaign for cotton household textiles.

Among the significant contributions the Dutch experience is expected to make to cotton market development is the basis for measuring the success of promotion, Dr. Koedam said.

The concept which he calls "built-in evaluation" will be put to a test this month when CCI will assess the impact of that first campaign for household textiles.

Rating household textiles

Four hundred Dutch women will be asked to rate the household textiles according to certain characteristics. Results will be compared with those of a nationwide survey of 2,000 women conducted for all types of cotton products prior to the campaign. If the campaign is a success, the follow-up survey should reveal a strong confirmation of those points emphasized in the promotion.

"Whether consumer attitudes about cotton have improved after a promotion is the best yardstick we know for determining its impact," Dr. Koedam said. He explained that while the ultimate goal is to increase sales of cotton products, it would be unwise to attribute this increase solely to promotion because of numerous other factors that influence sales.

According to Dr. Koedam, another benefit to cotton market development growing out of the Dutch experience is the possibility that many of the findings—like the salable features of cotton products that should or should not be getting more emphasis in promotion—can be applied directly to other countries in Western Europe.

For example, Dutch women surveyed nationwide said they consider cotton to be far superior to numerous manmade fiber products in terms of comfort—much more so than CCI had anticipated, Dr. Koedam said. On the other hand, properties that CCI expected would rank highly—properties heavily emphasized in cotton promotion in the past—made a less favorable showing.

Dr. Koedam added, however, that if there is any doubt about the transferrability of these or other research findings, data will be carefully checked before they are used as guidelines for a cotton campaign in another country.

Interest high in Dutch promotion

Research for the Netherlands program and the results of that promotion are being closely followed by world cotton interests seeking ways to strengthen the competitive position of cotton and thus maintain sales and even regain a share of the international textile markets lost to manmade fibers.

The Dutch effort is unparalleled in the heavy emphasis on direct advertising and is the most concentrated promotion yet undertaken by CCI in cooperation with FAS. Helping finance the program are the Dutch Cotton Institute and the textile industry.

Dr. Koedam said that the Netherlands program is also unique because it is the first time that a cotton promotion had behind it such extensive research, though it is being carried out at a relatively low cost to its sponsors—less than 5 percent of the 3-year promotion budget.

Analysis of Netherlands market

Tracing the steps that led to the first campaign, Dr. Koedam said research got underway 18 months ago with an analysis of all available data about the Netherlands as a market for cotton textiles.

Researchers examined such information as consumption trends in textiles, cotton's various end uses, and whether cotton was meeting the major quality requirements for each textile product group. Listings were compiled of those manufacturers who might participate in a nationwide promotion for cotton. Some of the data represented 7 years of work, and had to be updated.

CCI and the Dutch Cotton Institute, assisted by the advertising agency, then selected the consumer group at which promotion would be aimed, and the advertising media to be used.

Focus on women buyers

Since data showed that women bought over 75 percent of all textile items sold in the Netherlands, it was decided to promote primarily to this group, with special concentration on unmarried women between the ages of 16 and 30 who have not yet developed special buying preferences for textile products.

The principal promotion media would be the women's magazines, next the daily press—a decision based partly on an analysis of readership statistics and advertising rates. Though the Netherlands has no commercial radio and TV, radio stations broadcasting to that country from areas nearby—such as Radio Luxembourg—were investigated as media possibilities.

Nationwide consumer survey

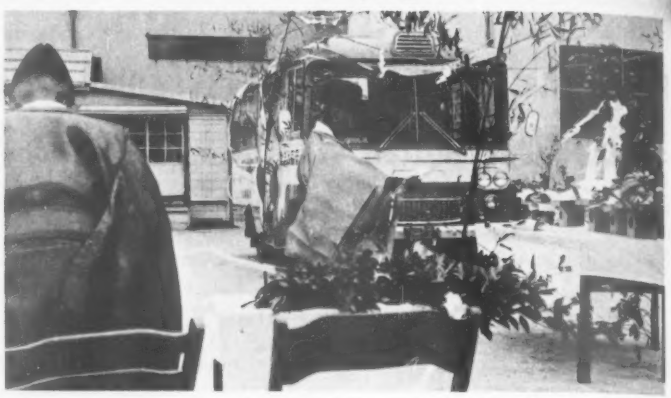
Next step, Dr. Koedam continued, was preparing for the nationwide consumer attitudes survey that would be the basis for evaluating promotion. Questionnaires were drafted so as to permit an easy comparison with the responses from followup surveys. They were pretested on 60 women, then revised for the nationwide survey.

Once the consumer's image of cotton products had been determined, researchers were ready to develop the message that would help strengthen that image. Advertising copy was designed to promote those properties of cotton wherein it best competed with other fibers, namely comfort, washability, and durability.

Finally, sample ads were tested on selected consumers for such factors as memorability and believability.

(Continued on page 10)

Wheat Associates Launches Consumer Promotion Campaign in Okinawa



Above, a Shinto priest blesses WA's nutrition bus before it is put into service. Left, one of the 45 wheat foods exhibits in Naha.

U.S. promotion of wheat foods in Okinawa moved into a second phase last month as a nutrition bus began traveling through the villages dotting this, the biggest and most populous of the Ryukyu Islands.

The earlier promotional phase — which began in late 1963—concentrated solely on milling and baking tests of U.S. Hard Winter and Western White wheats to develop production and blending procedures for bread and macaroni and noodle products for use by Okinawan bakers. So successful were these that exports of U.S. wheats to the Ryukyus doubled between 1962-63 and 1963-64, now stand at 55,200 metric tons of which half represents dollar sales.

With interest growing, Okinawan bakers last fall staged a wheat festival in Naha, the island's capital city, to promote sale of wheat products. A parade of gaily decorated floats, each showing different bakery products, excited considerable attention. Forty-five exhibits of traditional and new products were set up in downtown Naha by local millers, bakers, confectioners, and noodle manufacturers.

The bus, featuring the latest in kitchen and food preparation equipment, will operate daily in both urban and rural areas. Cooking demonstrations and lectures will be given by a qualified home economist-nutritionist. Programing is under the direction of Wheat Associates, FAS, and the Okinawa Diet Improvement Association.

(Continued from page 9)

Asked whether the expansion of the Netherlands type of promotion into other West European countries is imminent, Dr. Koedam emphasized that this will depend on how soon promotion funds are made available.

"This would take a minimum of $6 million. We are hoping that this amount will come from world cotton producers, with additional funds from importing countries," he said. Establishing an equitable method of raising funds for an international cotton promotion has been the focal point of recent meetings of world cotton producing and consuming countries under the auspices of the International Cotton Advisory Committee.

Meanwhile, Dr. Koedam continued, CCI—more than ever aware of the importance of checking promotion results—"will be doing more in the area of surveys in its market development programs. In Italy we may gage promotion success by surveying retailers to learn their reactions."

U.S. Vegetable Oils Promoted in Colombia in Pilot Project

A pilot promotion for U.S. soybean and cottonseed oils is underway in Colombia's Cauca Valley that if successful will be expanded nationwide.

Sponsors of the promotion — the Soybean Council of America, FAS, and several large vegetable oil refineries in the Cauca Valley—are putting major promotional emphasis on boosting fats in Colombian diets with sampling and advertising as the two principal techniques used in the campaign. Colombia's per capita fats consumption is only one-fourth the U.S. level.

If Cauca Valley consumers respond favorably to the promotion and oil sales increase, promotion sponsors expect to enlist the support of other oil refiners for a similar campaign nationwide. Results from Cauca will be of key importance since its consumers are representative of the entire nation —consisting of farm, industrial, and small and large city populations.

From 20,000 to 30,000 U.S. vegetable oil samples will have been distributed to potential consumers in the Cauca Valley by the time the project ends in April. These samples are being made available by cooperating Colombian refineries through local retailers. Several neighborhoods will be canvassed on a house-to-house basis to distribute oil samples, recipe leaflets, and nutrition information.

Radio advertisements and 1-minute movie trailers stress the nutritional value and palatability of U.S. vegetable oils. Since the beginning of the campaign in October, ads—including a cartoon strip—have appeared daily in the region's two chief newspapers. Retailers in 20 of the Valley's larger cities are using point-of-sales material.

Fats-deficit Colombia has been among the top South American buyers of U.S. vegetable oils for the past 3 years. U.S. sales to Colombia, mostly under Title I of P.L. 480, reached a high of 29 million pounds in 1963-64.

EEC Reduces Duty on Greek Tobacco

The EEC-Greek Association Council in February decided to reduce further duties on Greek tobacco going into EEC countries. The new reduction, amounting to 10 percent of the original 1957 rates, brings the duties down to only 30 percent of those levied when the EEC formed. It will go into effect May 1 of this year—2 months before the date originally anticipated.

At that time, duties on Greek tobacco going to Belgium and the Netherlands will be equivalent to 1.14 U.S. cents per pound compared with those on U.S. tobacco of 9.9 cents; West Germany, 5.82 cents compared with 18.4; and France and Italy, 0 compared with 7.7.

The duty will eventually go down to zero for both Greece and Turkey—two large producers of oriental-type tobacco—while it will go up to 28 percent for third countries, or a maximum of 17.2 cents per pound on most U.S. tobacco.

Both Greece and Turkey will most likely be encouraged by this change to produce more tobacco, especially burley —a type that competes directly with U.S. burley in the EEC.

Thailand's Cigarette Sales Increase

Cigarette sales in Thailand (both domestic-made and imported brands) totaled 10.3 billion pieces, during 1964, or up slightly from the 10.2 billion sold in 1963.

Sales of domestic-made brands containing only domestic leaf rose to 768 million pieces from 700 million, while those of imported brands dropped to 12 million pieces from 14 million.

Total sales of domestic-made brands containing imported tobaccos were up only slightly—to 9,535 million pieces, but there was a sharp rise in the high-quality brands of this type, virtually all of which use tobacco imported from the United States. Sales of Gold City (regular and king-size) rose to 1,164 million pieces from 595 million in 1963. Sales of Samit were up almost 8 percent, and those of Krong Thip, almost 42 percent. Sales of filter-tipped cigarettes during 1964 represented 0.4 percent of all domestic-made cigarette sales, compared with 0.3 percent in 1963.

Mexican Tobacco Crop Larger

The 1965 harvest of tobacco in Mexico is forecast at 92.6 million pounds from 83,000 acres, compared with the revised 1964 crop of 89.9 million pounds from 73,800 acres. The increase is expected to occur in the harvest of native light sun-cured, which will more than offset slight declines in flue-cured, burley, and dark air-cured.

The 1965 flue-cured harvest is forecast at 13.2 million pounds—down 6 percent from the 14.1 million recorded for 1964. This year's burley crop, at 12.1 million, will be 1.1 million pounds below the 1964 harvest. Native light sun-cured, however, may total about 44 million pounds—up from 36.6 million in 1964. The dark air-cured harvest is expected to total some 23 million pounds, compared with 26 million a year ago.

U.S. Flue-cured Exports Down

U.S. exports of flue-cured tobacco in 1964 totaled 391.5 million pounds—down 3 percent from the 403.4 million shipped out in 1963.

Smaller exports in 1964 to the United Kingdom, Ireland, Denmark, West Germany, Finland, and Australia more than offset increases in shipments to Sweden, the Netherlands, Belgium-Luxembourg, Switzerland, Portugal, Japan, and Thailand.

Exports to the United Kingdom, the largest foreign market, dropped to 115.4 million pounds last year from 126.3 million in 1963. Those to West Germany were also down, to 70 million from 73.5 million, but Japan took more—30.4 million against 28.7 million.

Common Market countries purchased a total of 113.2 million pounds of flue-cured in 1964, compared with 114.6 million in 1963.

U.S. EXPORTS OF FLUE-CURED TOBACCO
(Export weight)

Destination	1963	1964[1]	Change from 1963
	1,000 pounds	*1,000 pounds*	*Percent*
United Kingdom	126,301	115,401	— 8.6
Germany, West	73,491	69,961	— 4.8
Japan	28,708	30,384	+ 5.8
Netherlands	21,469	23,033	+ 7.3
Australia	17,151	13,384	— 22.0
Belgium-Luxembourg	12,722	13,282	+ 4.4
Ireland	13,771	10,716	— 22.2
Egypt	11,767	10,586	— 10.0
Sweden	7,479	9,747	+ 30.3
Denmark	10,020	9,532	— 4.9
Thailand	8,410	9,185	+ 9.2
South Vietnam	7,095	7,685	+ 8.3
Hong Kong	6,300	6,900	+ 9.5
Malaysia	4,759	5,695	+ 19.7
Italy	5,558	5,456	— 1.8
Switzerland	3,720	4,792	+ 28.8
Norway	4,421	4,020	— 9.1
Finland	7,103	3,796	— 46.6
Portugal	403	3,676	+812.2
New Zealand	2,878	3,270	+ 13.6
Others	29,911	31,003	+ 3.7
Total	403,437	391,504	— 3.0

[1] Preliminary.
Bureau of the Census.

Singapore's Cigarette Output Declines

Cigarette output in Singapore during the first half of 1964 totaled 2,478,000 pounds, or down 2.4 percent from the 2,540,000 produced in January-June 1963. Output for calendar 1964 probably totaled 5.2 million pounds, compared with 5.3 million in 1963.

Burley Exports From Rhodesia, Zambia, Malawi

Exports of burley tobacco from Rhodesia, Zambia, Malawi (formerly Federation of the Rhodesias and Nyasaland) in 1964 totaled 6.7 million pounds, compared with 7.0 million in 1963. The average export price in 1964 was equivalent to 47.4 U.S. cents per pound.

Major markets in 1964 included the Netherlands, Hong Kong, and Switzerland, each of which purchased more

than 1 million pounds. Other important outlets were West Germany, the United Kingdom, the Republic of South Africa, and Portugal.

Average export prices per pound in 1964, in terms of U.S. cents, for principal destinations were as follows: The Netherlands 27.3; Hong Kong 41.2; Switzerland 52.9; West Germany 49.8; the United Kingdom 75.1; the Republic of South Africa 58.5; and Portugal 41.6.

BURLEY TOBACCO EXPORTS FROM RHODESIA, ZAMBIA, AND MALAWI[1]

Destination	1962	1963	1964	Av. 1964 export price
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*U.S. cents per pound*
Netherlands	226	1,076	1,205	27.3
Hong Kong	811	1,226	1,130	41.2
Switzerland	17	375	1,122	52.9
Germany, West	73	1,111	768	49.8
United Kingdom	877	575	751	75.1
South Africa, Rep. of	648	1,625	468	58.5
Portugal	661	462	435	41.6
Belgium	46	196	242	49.8
Congo (Leopoldville)	83	208	154	54.1
Italy	12	---	96	35.7
Denmark	53	62	65	47.3
Others	21	115	230	---
Total	3,528	7,031	6,666	47.4

[1] Formerly Federation of Rhodesia and Nyasaland.

Australia's Canned Milk Sales Rising

Australia's canned milk continued in good demand in foreign markets in the first 9 months of 1965. In this period, exports totaled 56 million pounds—90 percent of which was condensed milk—compared with shipments in the 1963 period of 39 million.

Sales to Malaysia, the principal market, were up 34 percent to 20 million pounds, but those to Burma, the second most important outlet, were down 20 percent to 9 million pounds. Indonesia increased its purchases from 168,000 pounds to more than 5 million. Among other countries taking larger quantities than last year were the Philippine Republic, Ceylon, British Borneo, Sarawak, and Mozambique.

Japan's Imports of Soybeans, Safflower, Soybean Meal

Japan's imports of soybeans reached a record high in 1964, while those of safflowerseed and soybean cake and meal increased slightly from a year earlier.

JAPANESE IMPORTS OF SOYBEAN, SAFFLOWERSEED, AND SOYBEAN MEAL

Commodity and major source	1962		1963		1964	
	Quantity	Value	Quantity	Value	Quantity	Value
	1,000 metric tons	*Mil. dol.*	*1,000 metric tons*	*Mil. dol.*	*1,000 metric tons*	*Mil. dol.*
Soybeans:						
United States	1,125.8	116.0	1,314.3	143.7	1,322.4	153.9
Total	1,293.1	132.7	1,544.4	167.9	1,607.0	184.5
Safflowerseed:						
United States	63.1	8.0	195.8	22.6	198.2	21.6
Total	63.2	8.0	195.8	22.6	199.4	21.7
Soybean cake & meal:						
United States	5.9	.6	3.1	.3	13.2	1.5
Total	15.8	1.4	3.6	.4	13.3	1.5

Customs Bureau, Ministry of Finance.

Imports of soybeans, at 1.6 million metric tons (59.0 mil. bu.), were 4 percent or 63,000 tons above those of 1963. While imports of U.S. beans at a record 1.3 million tons (48.6 mil. bu.), rose 1 percent or 8,000 tons, most of the increase in total imports was in beans from Communist China, which supplied virtually all of the remainder (*Foreign Agriculture*, Feb. 22, 1965). From a value standpoint, soybeans—for the second successive year—was the largest single agricultural import from the United States, exceeding both cotton and wheat.

Imports of safflowerseed, virtually all from the United States, totaled 199,411 tons—up 2 percent from the previous year. Reportedly, more safflowerseed would have been purchased if exportable supplies had been available.

Soybean cake and meal imports, also virtually all from the United States, rose to 13,263 tons from only 3,575 tons in 1963.

Canadian Rapeseed Exports Decline

Rapeseed exports from Canada during the August-November period of the current marketing year totaled 16,678 short tons against 43,027 in the same 1963 period.

Major destinations in this period, together with the respective quantities exported, include Japan 10,114 tons; India 28,800, the Netherlands 1,397, Taiwan 1,213, and Spain 962. Exports in the like period of 1963 moved largely to Japan and Italy, which took 41,490 and 1,456 tons, respectively.

Malay States, Singapore Output and Exports of Palm Oil

Palm oil production in the Malay States during the first 10 months of 1964 approximated 97,000 long tons compared with 102,700 in the same period of 1963. The smaller output is a result of the prolonged strike by the labor force of a large oil palm plantation in the State of Johore. The production of palm kernels declined to 23,900 tons from 24,800.

The Malay States and Singapore exported 85,760 tons of palm oil in January-September 1964 as against 81,510 in the first 9 months of 1963—an increase of 5 percent. Exports of palm kernels, however, declined sharply, to 7,640 tons from 22,063. The decrease in palm kernel exports is attributed to a sharp rise in domestic consumption.

Spanish Olive Oil Exports Climb

According to the Spanish Olive Oil Syndicate, Spain's exports of edible olive oil in calendar 1964 totaled 92,559 metric tons—greater than those in 1963 and 1962 by 21 and 11 percent, respectively. The increase reflected the markedly large outturn of 1963-64.

Most of the increase moved to the United States, Portugal, Libya, Australia, Greece and Egypt. However, exports to Italy, the major importer of olive oil, declined substantially, reflecting its large domestic outturn of 1963-64.

Spanish exports to countries outside the Mediterranean Basin, totaling 42,000 tons, were nearly double those in 1963 and accounted for 45 percent of the 1964 total compared with 29 percent in 1963. Intra-Basin exports declined by 6 percent.

These large exports to countries outside the Basin, such as the United States, occurred largely because of the substantial decline in prices, which resulted from a large "on year" outturn in most of the major olive oil producing countries in 1963-64.

In view of the outlook for a markedly smaller production of Spanish olive oil in 1964-65, exports may be expected to decline significantly.

SPANISH EXPORTS OF OLIVE OIL [1]

Country of destination	1960	1961	1962	1963 [2]	1964 [2]
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*
North America:					
Canada	558	760	598	377	783
United States	15,187	16,347	10,874	7,283	16,350
Puerto Rico	915	1,097	1,183	1,001	1,370
Mexico	285	749	884	735	588
Cuba	6,492	1,812	947	500	---
Dominican Rep.	162	132	294	214	300
South America:					
Brazil	11,322	7,693	6,760	4,120	3,014
Venezuela	230	141	111	117	173
Europe:					
Belgium	202	213	414	141	255
France	3,667	1,219	495	2,845	2,451
Germany, West	630	2,658	1,396	680	1,483
Greece	878	14,752	---	---	2,000
Italy	95,609	80,428	45,186	51,165	39,948
Norway	1,244	1,339	909	305	1,038
Portugal	644	---	---	---	4,218
Switzerland	1,425	1,209	1,658	985	1,665
United Kingdom	2,190	2,402	2,133	1,472	2,359
Poland	---	112	---	251	244
Yugoslavia	902	350	171	104	---
Africa:					
Libya	---	1,077	---	370	4,192
Egypt	307	344	173	---	1,920
Asia:					
Jordan	---	---	---	---	698
Japan	217	272	335	126	374
Oceania—Australia	4,382	4,554	6,152	2,336	5,001
Others	6,068	2,616	2,668	1,136	2,135
Total	153,516	142,276	83,341	76,263	92,559

[1] Excludes foots oil and inter-territorial transfer. [2] Preliminary. Olive Oil Syndicate, Madrid, Spain.

Indonesia's Exports of Copra and Palm Products

Registered exports of copra from Indonesia in September amounted to 15,261 tons compared with 15,065 in August. During the first 9 months of 1964, they totaled 126,465 long tons—an increase of 47 percent from the 85,933 for January-September 1963.

Registered exports of palm oil in January-September 1964 totaled 92,206 short tons as against 86,844 in the first 9 months of 1963. Shipments of palm kernels rose to 32,777 tons from 23,881.

United Kingdom's Production of Fishmeal and Meatmeal

The production of fishmeal in the United Kingdom in 1964 reached 78,000 long tons compared with 74,000 in 1963, according to the Ministry of Agriculture, Fisheries, and Food. Fishmeal includes white fishmeal and herringmeal.

Production of meatmeal (includes meatmeal, meat and bonemeal, and bonemeal with a protein content of not less than 30 percent) amounted to 137,000 tons in 1964 as against 139,000 in 1963.

World Copra and Coconut Oil Exports

Exports of copra and coconut oil from the major producing countries during the first 9 months of 1964 totaled 872,100 long tons (oil basis) compared with 848,000 in January-September 1963, up 24,100 tons or 3 percent.

A slight decline occurred in total copra exports, owing to a drop in shipments from the Philippines which more than offset an increase in those from Indonesia and Ceylon. Shipments of coconut oil were up, however, as all countries except the States of Malay and Singapore exported more.

EXPORTS OF COPRA AND COCONUT OIL FROM SELECTED COUNTRIES

Country	1963 [1]	January-September	
		1963 [1]	1964 [1]
	1,000 long tons	*1,000 long tons*	*1,000 long tons*
Copra:			
Philippines [2]	928.7	640.0	569.1
Indonesia [2]	104.6	85.9	126.5
Papua and New Guinea	68.1	56.3	58.0
Ceylon	43.1	22.6	38.8
Malay, Singapore [3]	—17.8	—17.4	—11.0
Sabah [4]	39.7	29.2	26.1
Mozambique	45.7	37.2	36.4
New Hebrides	35.1	27.0	29.0
French Oceania	22.8	16.8	17.2
Total	1,270.0	897.6	890.1
Coconut oil:			
Philippines [3]	212.1	146.9	162.9
Ceylon	81.1	59.1	82.0
Malay, Singapore [3]	34.5	29.5	14.3
New Guinea	21.2	17.5	18.5
Fiji	20.0	14.3	17.5
Mozambique	9.5	6.2	7.2
Total	378.4	273.5	302.4

[1] Preliminary. [2] Registered exports. [3] Net exports. [4] Gross exports.

Tunisia's Olive Oil Exports

Tunisian edible olive oil exports during the period November 1, 1964-January 3, 1965, totaled 12,172 metric tons compared with 5,570 and 5,310 tons in 1963-64 and 1962-63, respectively. Major destinations in the current period include France, Czechoslovakia, Poland, and the USSR.

Nigeria's Palm Kernel and Palm Oil Purchases Down

The Regional Marketing Boards in the Federation of Nigeria purchased 400,309 long tons of palm kernels in 1964, 3 percent below the 413,060 for 1963. Palm oil purchases by the boards also declined, to 147,875 tons from 149,031 in 1963. These figures are from the first supplementary return of the 1964 palm produce marketing year, which ended December 31, 1964.

Cotton Production Up in Malawi, Zambia, Rhodesia

Cotton production in the newly independent African countries of Malawi, Zambia, and Rhodesia (formerly the Federation of Rhodesia and Nyasaland) is estimated at about 42,000 bales (480 lb. net) during the 1964-65 season. This would be about one-third above the 1963-64 output of 32,000 bales, and 83 percent above the 1962-63 production of 23,000.

The 1964-65 crop in Malawi (formerly Nyasaland) is expected to be at least 20,000 bales, about equal to production a year ago and 25 percent larger than the 1962-63 crop. Most of the crop has been exported to Rhodesia (formerly Southern Rhodesia) and the United Kingdom in recent years. The Farmers Marketing Board purchases, gins, and exports all of the cotton produced in Malawi. In addition, it furnishes free pesticides and technical assistance to growers and fixes cotton prices at the beginning of each season. Last season, producers were paid the equivalent of about 23 U.S. cents per pound of lint for high grade cotton.

Zambia (formerly Northern Rhodesia) produced 2,000 bales of cotton last season and is expected to produce at least that amount in 1964-65. All of Zambia's cotton is exported to Rhodesia. Zambia recently installed a $250,000 gin complex at Lusaka.

Cotton production in Rhodesia has grown from 2,000 bales in 1960-61 to an estimated 20,000 in 1964-65. Rhodesia has two spinning mills, which together currently use about 30,000 bales of cotton annually. In 1963-64 Rhodesia exported 5,000 bales of high-grade cotton, most of which went to South Africa. Rhodesia also imports Zambia's crop and a sizable share of Malawi's.

Canadian Cotton Consumption Continues Strong

Canadian raw cotton consumption, based on the number of bales opened by mills, was 36,873 bales (480 lb. net) in January compared with 36,179 in December 1964 and 38,083 in January 1964. Consumption during the first 6 months (August-January) of the current season totaled 230,094 bales, 2 percent above the 224,773 bales opened in the same period of 1963-64 and 19 percent above the average consumption of 193,968 bales in the first 6 months of the past five seasons.

Moroccan Almond Estimate Reduced

The estimate of Morocco's 1964 crop of sweet almonds has been revised downward to 3900 short tons (shelled basis), slightly above the 1958-62 average. It was reported that lower prices in traditional markets resulted from increased Italian and Spanish exports, although foreign sales in 1964 compared favorably with those in 1963. East Germany became an important buyer in 1964, in addition to the traditional sales to the United Kingdom, France, and West Germany.

Spanish Almond Pack Increases

Spain's almond production in 1964 is now estimated at 33,000 short tons—up 15 percent from the near-average figure of 29,000. Quality was reported to be good; however, a lack of soil moisture seemingly has resulted in small-size fruit.

Prices for long-sized almonds are believed to be relatively high, mainly because of a low production, while those for short almonds are said to be down, owing to an increased supply.

Total exports in 1964-65 may reach 26,500 short tons, shelled basis, or 16 percent above the 22,900 exported in 1963-64. Exports between September 1, 1964, and January 3, 1965, are reported at 11,797 tons as against 10,664 in the same period of 1963-64.

SPAIN'S SUPPLY AND DISTRIBUTION OF SHELLED ALMONDS

Item	1963-64	1964-65[1]
SUPPLY	*Short tons*	*Short tons*
Beginning stocks	1,000	1,000
Production	29,000	33,000
Total supply	30,000	34,000
DISTRIBUTION		
Exports	22,900	26,500
Other disappearance	6,100	6,500
Ending stocks	1,000	1,000
Total distribution	30,000	34,000

[1] Estimate.

SPANISH EXPORTS OF SHELLED ALMONDS BY DESTINATION

Country of destination	September-August 1962-63	September-August 1963-64
	Short tons	*Short tons*
South Africa	111	127
West Germany	1,360	2,375
East Germany	112	205
Australia	64	173
Austria	81	126
Belgium	112	131
Canada	645	702
Cuba	---	166
Denmark	139	255
Egypt	161	161
United States	186	206
France	4,551	6,813
Netherlands	105	160
United Kingdom	3,163	5,908
Italy	96	277
Lebanon	73	148
Norway	731	936
Sweden	1,716	1,803
Switzerland	917	1,699
Other countries	587	552
Total	14,910	22,923

German Tender for Orchids

The Foreign Trade Agency of the West German Government published an import tender on February 11 for orchids (as cut flowers) which will permit entry of orchids from all countries other than the East Bloc. Applications for import licenses can be filed through December 30, 1965. Licenses are valid for 6 months but not beyond December 31, 1965.

French Walnut Estimate Unchanged

The French walnut crop of 1964 is still estimated at 34,000 short tons—more than 11 percent above the 1963 crop, which is now set at 30,000 tons, and 30 percent above the 1958-62 average production of 26,000. The crop is said to be of good quality, but sizes are somewhat smaller than last year's.

Exports during the 1963-64 season (October-November) totaled 15,900 tons inshell basis—down almost 10 percent from the 17,500 shipped in 1962-63 but slightly above 1958-62 average shipments. Exports for the current season are running only slightly ahead of last season's pace, but trade sources indicate that virtually all of the crop will be moved.

West Germany was again the leading market for French inshell walnuts, taking over 70 percent of the total in 1963-64. Nearly half of the shelled exports went to the United Kingdom. The United States is not a significant market for French walnuts.

FRANCE'S SUPPLY AND DISTRIBUTION OF WALNUTS (Inshell basis)

Item	Year beginning October 1 1962	1963	1964
Supply:	*Short tons*	*Short tons*	*Short tons*
Beginning stocks, October 1	---	---	---
Production	31,000	30,000	34,000
Imports	---	400	---
Total	31,000	30,400	34,000
Distribution:			
Exports	17,500	15,900	17,500
Domestic disappearance	13,500	14,500	16,500
Ending stocks, September 30	---	---	---
Total	31,000	30,400	34,000

The USSR Buys Cocoa From Ghana, Nigeria

The USSR has contracted to buy from Ghana 60,000 long tons of cocoa beans, for immediate shipment. This transaction—made after the removal of the 14-week sales ban which had been imposed by the Cocoa Producers Alliance—brings USSR purchases of Ghanaian cocoa thus far in 1964-65 (October-September) to approximately 71,000 tons, against only 36,000 tons in all of 1963-64.

The USSR also purchased 16,000 tons of Nigerian cocoa, compared with 2,000 in the previous year. No prices were disclosed for either the Nigerian or Ghanaian transaction.

Guatemala Continues Fight Against Coffee Leaf Miner

The Government of Guatemala has recently issued a decree authorizing its Ministry of Finance and Public Credit to float treasury bonds in order to finance a program to control the coffee leaf miner. The total maximum value of the bonds issued is to be $3 million.

This program, the details of which have not yet been formulated, will be carried out by the Ministry of Agriculture in coordination with the National Coffee Association. It is doubtful that this program will greatly assist in the control of damage to the 1965-66 crop, part of which is already in the flowering state, but it should benefit future crops.

Guatemalan exports, during the first quarter (October-December) of the 1964-65 coffee marketing year, were down almost a third from the same period in 1963, partly because of the damage done by this insect.

Malaysia Emphasizes Sugarcane

The cultivation of sugarcane in Malaysia is being given increased attention, following establishment of the first sugar refinery. Two additional mills reportedly may be set up soon.

The Malaysian Government recently requested a team of sugar experts from Formosa to conduct a feasibility study of cultivating sugarcane on a commercial basis. A similar investigation was made earlier by Australian sugar experts.

Imports of sugar into Malaysia have been amounting to around 200,000 short tons or more annually.

Canadian Honey Production Off in 1964

Canada's honey production in 1964 totaled 35,148,000 pounds, according to preliminary figures, as against 42,142,000 in 1963. The decline was the result of poor weather in large areas.

Average yields per colony in 1964 fell to 92 pounds from 117 pounds in 1963, but some expansion occurred in colony numbers, the 1964 total estimated at 382,240 for 10,760 beekeepers. Ontario is the most important honey producing Province in Canada, with Alberta ranking second.

Canadian honey exports have increased each year since 1961. They totaled 3.9 million pounds for the January-November period of 1964, compared with a little less than 3.8 million in the same period of 1963. The United Kingdom was the largest buyer, followed by West Germany.

A major part of the honey currently exported to the United Kingdom is now packaged in consumer-size containers, as against approximately 25 percent in 1960. The predominant package is reported to be the plastic squeeze bottle.

Production prospects for 1965 are difficult to predict because they depend so heavily upon the weather. In Ontario and Quebec, where most wintering of bees takes place, conditions so far this winter have not been severe enough to affect properly protected hives. Most colonies in these areas are reported to have wintered exceedingly well to date.

Philippine Coir Fiber Industry Growing

The coir fiber industry of the Philippines, although still relatively minor, has been growing steadily in recent years. Coconuts have always been plentiful, but only small quantities of the husks have been used to produce fiber. Production in 1964 was up by 3 percent to about 3.6 million pounds of fiber from 3.5 million in 1963. A further increase is expected in 1965.

Most of the coir is consumed locally in the manufacture of rugs, mats, cushions, and mattresses. This quantity—sold unbaled and unregistered—is estimated to be at least 2 to 3 million pounds.

Exports in 1964 fell to 471,000 pounds from 583,000 in the preceding year as a result of a drop in exports to Japan, the principal buyer. Japan took only 93,000 pounds in 1964 compared with 470,000 in 1963. West Germany, however, took 294,000 pounds compared with 55,000, and the United States entered the market again with 18,000 pounds. Australia, New Zealand, and Italy were the other buyers.

Smaller Jute Crop Forecast for Nepal

Nepal's 1964-65 jute crop is estimated at 54 million pounds, down substantially from the 1963-64 outturn. Of the 1964-65 production, about 45 million pounds will be required by the two jute mills in Biratnagar, and the remainder will be available for export.

Under a recent agreement with India, Nepal may borrow up to $2.1 million (in Indian rupees) for the purchase of capital goods from India, including badly needed jute mill machinery.

Guatemala's Kenaf Output Higher

Guatemalan production of kenaf in 1965-66 is forecast at 10 percent above the 1964-65 crop of 1.2 million pounds, reflecting anticipated improvement in yields.

Area in 1965-66 is expected to be the same as the year before—1,069 acres. In 1963-64, the area planted to kenaf far exceeded the capacity of the portable decorticating machines available to harvest the crop. For the 1964-65 crop, these machines have been allocated to growers on the basis of one machine per 26 acres.

All of the production is consumed within Guatemala, but the country must still import a sizable quantity to meet domestic bagging requirements. For fiscal 1964, these requirements are expected to total 7.3 million pounds—up 19 percent from a year earlier—necessitating an import of approximately 6.1 million pounds. Most of this will come from Pakistan, Thailand, and El Salvador.

Guatemala's two kenaf bag manufacturing plants produced nearly 3 million bags in 1963-64 and have set a production goal of 3.5 million for 1964-65.

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Dominican Sugar Institute Created

The Government of the Dominican Republic established by law on February 16 the Dominican Sugar Institute.

The Institute is empowered to make recommendations to the government on all aspects of national sugar policy. It will make market studies, help to obtain favorable prices for the country's sugar, and attempt to remove barriers to sugar sales abroad.

It will also develop and improve derivative products of the sugar industry and promote studies for improving sugar cultivation and most efficient production. The Institute will have the power to determine internal sugar sales quotas and to fix prices.

Sicily Again To Produce Sugar

After many years of nonproduction, Sicily is to start growing sugarbeets.

An area of about 12,000 acres is being opened and a project started to plant this area to sugarbeets in the Catalina area; also plans call for the reopening of the local sugarmill.

Before the 1500's, cane sugar was an important commodity, and many engravings of the early eras showed cane sugar being made in primitive ways. Sugar production was abandoned several years ago, however, because of low profits.

Pakistani Jute Exports Up

Pakistan's exports of raw jute during the first half of the 1964-65 marketing year, which began July 1, totaled 830.4 million pounds, or 5 percent above the 791.2 million pounds exported during July-December 1963-64. A substantial portion of these exports—an estimated 137 million pounds in 1963-64—goes to the United States.

Prolonged labor strikes resulted in sharply reduced jute purchases by domestic mills during the first half of 1964-65. At 378 million pounds, they were down 31 percent from corresponding purchases for a year ago.

Production estimates for jute during the 1964-65 season remain unchanged at 2.52 billion pounds, as compared with 2.35 billion for 1963-64.

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